

WASHINGTON STATE TRANSPORTATION COMMISSION
MINUTES OF FERRY TARIFF HEARING
March 23, 2006

A hearing by the Washington State Transportation Commission concerning proposed changes to ferry tariffs was called to order at 10:00 a.m., on March 23, 2006 at Puget Sound Regional Council Boardroom, 1011 Western Avenue, Seattle, Washington.

Commissioners present at the meeting were: Chair O'Neal, Ed Barnes, Bob Distler, Dick Ford, Elmira Forner, Carol Moser and Dale Stedman.

BRIEFING ON TARIFF POLICY COMMITTEE REVISED RECOMMENDATIONS

Chair O'Neal called the meeting to order and welcomed meeting participants. He shared that public input received regarding tariff recommendations was very important to the process.

Ray Deardorf, Planning Director, WSF, presented the Tariff Policy Committee's (TPC) revised 2006 Tariff Proposal to the Commission for comments, revisions and approval. He indicated that Alice Tawresey, chair of the TPC, would provide a briefing regarding the original tariff proposal as well as a summary of the public involvement program results. In closing there would be a follow up of the Committee's revisions to its original recommendations to the Commission in January 2006. The Committee met on March 9, 2006 and reviewed the comments up to that date. Modifications have been made to the original recommendation that was given to the Commission. Today's presentation will include those recommendations.

Alice Tawresey, reminded the Commission that the Tariff Policy Committee is a body that consists of Legislators, transit directors and Ferry Advisory Committee members throughout the ferry served communities. The Committee understands that its job is to take a look at what needs to be done, make recommendations and listen at public hearings. The ultimate responsibility for adopting the recommendations is the Commission's. She provided an overview of the highlights of the recommendation noting that the most significant change is the six percent general fare increase, with next nickel rounding, the only modification to that would be the continuation of the tariff route equity applying to certain routes to and within the Anacortes-Friday Harbor oversized fares and inter-island fares would increase an additional five percentage points in connection with continued phased implementation of the tariff route equity formula. The second most significant item in the proposal was to change vehicle to motorcycle ratio from five to one (auto) back to the existing ratio of four to one (auto), calculated only on the vehicle portion of the fare. The Committee recommends a new discount program that would effectively continue the practice of in-need organizations using coupons from frequent-user books. Since they would no longer be able to do that once the electronic fare system is implemented, a discount was proposed for that group of users that would be equivalent to the current frequent user discount. It assumes a minimum usage at the equivalent rate of the coupon book. Another recommendation was to implement an up front non-refundable commercial account maintenance fee of fifty dollars, without prorating, so whenever purchased within the tariff year, the fifty dollars must apply. Monthly passes would be limited to thirty-one round trips per month, based on twenty commute days plus

ten additional trips, being what the typical commuter would logically use. Allowing for more than that would allow potential for abuse of the concept of the monthly flat-rate commuter discount. Extending the exemption from the overheight surcharge for vehicles with wheelchair lifts, which now stops at twenty feet would be allowed to for vehicles up to thirty feet in length. This would allow for public transit vans that have wheelchair lifts to qualify for over height surcharge exemption. The WAC language is also to be adjusted to match operational terminology under the new electronic fare system.

Commissioner Distler inquired if the maintenance fee for commercial accounts is for the tariff, fiscal or calendar year.

Sam Kuntz, CFO of the WSF, responded that he believes the intent was for the fiscal year

Commissioner Distler inquired if the over height change would only be those vehicles which are over height solely because of the presence of a lift.

Ms. Tawresey responded that any vehicle over height, but under 30 feet, in length and with a lift would qualify for the waiver.

She moved on to explain the delay of the five percent surcharge for purchasing electronic fare media at the toll booth until six months after the EFS is implemented system wide.

Mr. Deardorf noted that it depends if it's implemented prior to six months ahead of the October change from the peak season to the base season fares. It would be implemented in the fall of 2006 only if EFS implementation is completed before early April of this year; otherwise, the change would become effective on May 1, 2007.

Sam Kuntz, Chief Financial Officer, WSF, confirmed that the higher prices for the multi ride and frequent user coupons purchased at the ticket booth would occur probably with the May 1, 2007 fare change.

Ms. Tawresey noted that eight public meetings were held throughout the service area. More than two hundred people were in attendance. There was at least one Transportation Commissioner at each meeting. There were a total of 689 comments received in various formats. The issue that generated the most response was the motorcycle ratio reduction from five to one to four to one. Public testimony indicated that motorcycles are being loaded into nooks and crannies on the ferries, and do not take up vehicle space on the deck. The public emphasized that motorcycles should be encouraged not discouraged based on fuel efficiency. It was emphasized that motorcycles are becoming smaller not larger. The Committee does propose to change the motorcycle recommendation based on public comment. In terms of the fare increase there were a lot of comments about the fares increasing constantly, increasing to often, there is no end in sight, and that this is influencing and effecting negatively people's ability to live, especially on Vashon Island and in the San Juan's where people are bound by ferries. Some customers feel that highway and bridge users should be paying tolls as well. There was some testimony from commercial account holders against the fifty-dollar maintenance fee – it may be a disincentive to obtain an account. Regarding the in-need discount program, some users felt that the program should be broadened to include individuals that are considered in need, not just organizations. Some of the users felt that the

thirty-one day per month limit on the pass should be unrestricted and that the EFS limitations should not be passed on to the customer. Most of the comments regarding the extension of the over height surcharge waiver were positive. The Mukilteo, Clinton, Bainbridge, Seattle, Edmonds and Kingston routes are closer to 100 percent fare box recovery or even above that of other routes. Some of users are concerned about subsidizing some of the costs of the runs that do not net as good of recovery. Especially in the San Juan Islands, the riders talk about the fact that the ride from Seattle to Bremerton is as long as the ride from Anacortes to Friday Harbor, so why don't the Bremerton riders have to pay the full cost of that distance. The Committee has always maintained that Bainbridge, Bremerton and Kingston comprise a travel shed. If Bremerton riders were required to pay more than riders from Bainbridge or Kingston, they would use the other routes, thus creating a downward traffic and revenue spiral on the Bremerton route. Because the ferry system is considered as a single network....just like Bainbridge and Kingston riders subsidize the Bremerton route.

Users of vouchers are concerned about being charged an additional five percent for purchasing at the tollbooth as opposed to using credit cards. Senior citizens who do not have credit cards will not be charged at tollbooths.

There has been interest expressed in a shorter car base – to go to a fifteen-foot car or truck and then charge another increment of cost for longer vehicles. The Committee may, in the future, discuss this idea further. Residents also commented regarding preferential loading and increasing tourism fares.

Mr. Deardorf noted that the Tariff Policy Committee met on March 9, 2006 to review public comments and determined to make alterations to its original recommendation based on those comments. The primary focus of the discussion was the motorcycle ratio, given the somewhat ambiguity in variation in different makeup of the fleet that is; some vessels have more available space for motorcycles, which makes it inconsistent system wide. It was agreed that a four to one ration was applicable where motorcycles take up a vehicle space, but it was determined that the five to one ratio would remain in place. Motorcycles are not given priority loading, but are put on board first to fill up small spaces (for further information regarding fare changes please refer to agenda Item 1 handout). The Committee also recommends modifying the exemptions to the tollbooth surcharge, which is described as a tollbooth and online price in the fare brochure. Voucher users would be exempt from the surcharge as well. Not discussed at the March 9, 2006 Committee meeting was an issue brought up in the San Juan Islands to make the motorcycle frequent user media five round trips instead of ten, in order to make it consistent with the vehicle/driver multi-ride media. Below is a summary of the 2006 amended tariff proposal for implementation May 1, 2006:

- 6% general fare increase with next nickel rounding and continuation of Tariff Route Equity phasing.
- Implementing an up-front, non-refundable commercial account maintenance fee of \$50 per year with no prorating.
- Limiting monthly passes to 31 round trips per month, noting the passes are non-transferable, non-reproducible and intended for a single user.
- Extending an over height surcharge waiver for over height vehicles with a

wheelchair lift to vehicles 20-30 feet in length.

- Implement a new discount program for in-need organizations that approximates the discounts these organizations currently realize by purchasing and severing frequent user products. Users must utilize the same usage of the service as the current coupon book. WSF will work closely with local governments on this program, which will be reviewed before determining whether it will be continued beyond April 30, 2007.
- Adjust WAC language to match WSF operation terminology under the new electronic fare collection system and to make minor corrections.

Mr. Deardorf noted that the amended fare schedule would need to be filed with the Code Reviser's Office no later than March 30, 2006 for a May 1, 2006 implementation.

Commissioners and WSF staff discussed sources, uses of funds and fare box recovery.

Commissioner Distler pointed out that the Commission may reduce any level of fares up to the amount initially proposed by the Committee. He also noted that the state modifies its fuel cost information on a quarterly basis and some believe that the state is being a bit to optimistic in its look at fuel going forward. This is a very speculative but will affect the fare box recovery. He indicated that the use of the word "voucher" in the WAC language regarding exemption from the toll-booth surcharge needs to be more specific.

Commissioner Forner voiced her objection to the discount program for the in-need organizations. Her concern is a new policy of giving discounts to groups of people that cannot be readily identified. Non-profit entities might perhaps find a way to reimburse the in-need groups. Ferry fares are very similar to tolls and if this issue creates a financial burden then it should be placed under social services as opposed to the Department providing this type of discount. She indicated that she would not support the tariff recommendation with this item included.

Mr. Deardorf indicated that there would not be a significant loss of revenue from the discount based on the fact that organizations are all ready purchasing coupon books and distributing them according to the need. He explained that this discount is not new. Under the new fare collection system this would allow for distribution such as the coupon book currently does.

Commissioner Distler noted that there is a policy issue with regards to EFS and fare discounts to in-need groups. It is not however a revenue issue per se.

Commissioner Stedman expressed his concerns regarding discount fare setting for in-need groups. He asked if any research has been done on this matter.

Mr. Deardorf explained that it has been worded restrictively and it is entirely possible that other organizations or groups could come forward in the future requesting that discounts apply to specific groups.

Ms. Tawresey emphasized that the ultimate decision would come before the Commission.

Commissioner Forner expressed concerns regarding accountability with regards to in-need non-profit groups.

Commissioner Ford indicated that there must be clear guidelines to enforce reduced fares. He proposed that there be a sunset provision that will require first year results be reviewed in order to determine future options. He expressed that fare reduction must be offered to people with particular needs, but are among other things such as low income. If this is not the intent then he would agree with Commissioner Forner. These types of issues make this a very difficult policy decision for the Commission.

Commissioner Barnes commented that the proposal does not mention individuals it talks about in-need organizations. It should be considered that organizations would need to provide details for qualification as an organization not an individual.

Commissioner Distler indicated that there are no illusions about 100% compliance. If EFS rolls out as is then it would leave these organizations paying substantially higher fares. He recommended that it be adopted with a sunset provision or as proposed.

Commissioner Forner made a motion to remove the in-need program for further study. The motion failed for lack of a second.

Mr. Deardorf noted that this item could be removed from the proposal with other policy changes to be implemented.

PUBLIC TESTIMONY

Mike Sudduth representing the Executive Council of the Ferry Advisory Committees noted that at the Council's March meeting it moved to support the six percent increase, but beyond this increase it encourages no further six percent increases. It also encourages a finance study to look at the economic impact that fares have on local communities.

Ellen Kritzman, citizen of Vashon Island testified that the six percent increase last year has had an impact on the local communities.

Roger Bennett, citizen of Friday Harbor shared that he feels as though the fares are still a good deal.

Vickie Mercer, Chair, Transportation Committee for Vashon/Maury Community Council, commented that this year's fare process has gone very smoothly. She urged that in-need organizations absolutely should be considered for the fare reductions. She also commented on the monthly pass program noting that thirty-one days is too much and could very easily be brought down to twenty five.

David Freiboth, Executive Secretary, King County Labor Council and member of the Tariff Policy Committee, commented regarding the stowage of motorcycles on ferries. He also commented on the frequent user discount policy indicating that this is a difficult policy based on the economic impact it has on users. In-need groups should be entitled to discount fares

the same as frequent users.

Michael Lauver, representing SeaTac Shuttle and Island County Economic Development Council shared that the Commission needs to be aware of what the impact that rate increases have had on South Whidbey Island, Langley in particular, since 2000 the sales tax has gone flat and ferry ridership has been static. Under the proposed tariff the cost increase will substantially impact residents of the island. He also commented on motorcycles, commercial user fees and over height fares.

John Solin, SeaTac Shuttle, commented regarding over sized vehicles. Under the proposed fare schedule the based fare proposed plus the peak season surcharge – he requested explanation of the calculation of the peak surcharge.

Mr. Deardorf indicated that the calculation of fares will be reviewed and corrections made if needed.*

CONSIDERATION OF AND ACTION ON TARIFF PROPOSAL

It was moved by Commissioner Distler and seconded by Commissioner Ford that the Tariff Policy Committee fare proposal be adopted, with the Committee amendment to drop the proposed change in motorcycle space formula, and with the further amendment that the discount rate procedure to be applied to in-need organizations shall expire as of May 1, 2007 absent action by the Commission to retain such provisions, and furthermore that the language regarding vouchers and EFS rollout be amended as discussed

It was moved by Commissioner Forner that the proposal be amended to reflect that the new discount program be further studied-Based on fairness to individuals and in-need organizations. The motion failed for lack of a second.

Commissioner Distler noted that the TPC and Commission would receive reports from WSF regarding the administration of the in-need program. He also indicated that if the intent of the proposal is diluted by actual usage the program would be discontinued.

The motion passed six to one, Commissioner Forner voting no.

The Commission meeting adjourned at 12:00 p.m., on March 23, 2006.

WASHINGTON STATE TRANSPORTATION COMMISSION

DAN O'NEAL, Chair

DICK FORD, Vice-Chair

EDWARD BARNES, Member

CAROL MOSER, Member

ELMIRA FORNER, Member

ROBERT S. DISTLER, Member

DALE STEDMAN, Member

DOUGLAS MACDONALD, Ex-Officio Member
Secretary of Transportation

ATTEST:

REEMA GRIFFITH, Executive Director

DATE OF APPROVAL

* WSF has addressed the peak season oversized fare issue. Minor adjustments will be made to the peak season oversized fares and calculating the surcharge on each individual oversized fare instead of our longstanding practice of calculating it as a cube multiple of the under 20 foot vehicle peak season fare. Amending the WAC language during the next tariff cycle will allow resuming calculating the fare as a cube multiple of the under 20 foot fare.